Setting up of New Private Banks

2973. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI propose to approve setting up of new private banks; and

(b) if so, the details of the privage banks likely to be approved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has issued revised guidelines in January, 2001 on entry of new banks in the private sector. These guidelines, *inter-alia,* stipulate initial minimum paid-up capital for a new bank shall be Rs. 200 crore (which shall be increased to Rs. 300 crore in three years), minimum promoter's contribution of 40% of the paid up capital, maintaining arms-length relationship with business entities in the promoter group, no large industrial house shall promote a new bank, maintenance of minimum capital adequacy ratio of 10%, permitting conversion of NBFCs with good trck record into banks etc. RBI has reported that it has received 10 applications which were referred to a High-Level Advisory Committee set up by RBI and it has submitted its recommendations, which are under examination of RBI.

Violation of RBI Instructions by Oriental Bank of Commerce

2974. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that gross violation of Reserve Bank of India instructions have been committed by Oriental Bank of Commerce (OBC) in stock investment schemes;

(b) what are the names of the borrowers/beneficiaries under the above scheme and what are the nature of violations/irregularities committed by the OBC;

(c) whether Reserve Bank of India has imposed and recovered penalty from the bank and if so, what is the amount of penalty recovered; and

(d) whether top executives of bank have been warned about such irregularities and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has reported that Oriental Bank of Commerce had violated RBI instructions in respect of Stockinvest Scheme. The beneficiaries involved in the violations were Gujarat Lease Finance Ltd.,Suddhachal Securities Ltd., Kothari Finance and Investments Ltd. and Kandhari Texyarn Pvt. Ltd. The stockinvests were issued to these companies through some individuals by the Bank for subscribing to the public issue of the Bank as also another company.

(c) RBI has reported that it has imposed a penalty of Rs. 5 lakhs in the above case in 1998, which the Bank has paid to RBI.

(d) RBI has reported that the officials of the Bank involved in the above case have been suitably advised by the Bank.

Interaction Between LIC and Private Insurance Companies

2975. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the private insurance companies have initiated talks with LIC to accept data which the Corporation has developed over the years;

(b) what are the areas on which LIC has developed data base and the specific area of interest of private insurance companies; and

(c) how this sharing of information will help LIC and the private companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Life Insurance Corporation (LIC) has informed that no talks have been initiated with any private insurance company for sharing of data.

(b) The data base of LIC consists of the names and addresses of the policyholders and terms of acceptance of their proposals. This